

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/07/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2013 RM'000	CURRENT YEAR TO-DATE 31/07/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2013 RM'000
Revenue	197,279	142,031	414,265	279,341
Cost of sales	<u>(161,568)</u>	<u>(120,762)</u>	<u>(327,202)</u>	<u>(225,572)</u>
Gross profit	35,711	21,269	87,063	53,769
Other income	2,546	2,213	4,617	4,083
Operating expenses	(9,547)	(6,642)	(17,182)	(16,676)
Finance costs	<u>(306)</u>	<u>(325)</u>	<u>(638)</u>	<u>(592)</u>
Profit before tax	28,404	16,515	73,860	40,584
Tax	<u>(6,923)</u>	<u>(4,081)</u>	<u>(17,962)</u>	<u>(10,208)</u>
<b>Profit for the period</b>	<b><u>21,481</u></b>	<b><u>12,434</u></b>	<b><u>55,898</u></b>	<b><u>30,376</u></b>
<b>Other comprehensive income:</b>				
Cash flow hedge	2	5	5	7
Tax relating to other comprehensive income	(1)	(2)	(2)	(2)
<b>Other comprehensive income for the period, net of tax</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>5</b>
<b>Total comprehensive income for the period</b>	<b><u>21,482</u></b>	<b><u>12,437</u></b>	<b><u>55,901</u></b>	<b><u>30,381</u></b>
<b>Profit for the period attributable to :</b>				
Owners of the Company	18,115	11,363	46,476	25,491
Non-controlling interests	<u>3,366</u>	<u>1,071</u>	<u>9,422</u>	<u>4,885</u>
	<b><u>21,481</u></b>	<b><u>12,434</u></b>	<b><u>55,898</u></b>	<b><u>30,376</u></b>
<b>Total comprehensive income for the period attributable to :</b>				
Owners of the Company	18,116	11,365	46,478	25,494
Non-controlling interests	<u>3,366</u>	<u>1,072</u>	<u>9,423</u>	<u>4,887</u>
	<b><u>21,482</u></b>	<b><u>12,437</u></b>	<b><u>55,901</u></b>	<b><u>30,381</u></b>
<b>Earnings per share (sen) :</b>				
- Basic	5.85	3.68	15.02	8.26
- Diluted	5.84	3.68	15.01	8.26
<b>Dividends per share (sen)</b>	<b>7.00</b>	<b>5.00</b>	<b>7.00</b>	<b>5.00</b>

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2014)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT CURRENT QUARTER ENDED 31/07/2014 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2014 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	380,164	375,418
Biological assets	83,782	82,696
Land use rights	2,420	2,478
Deferred tax assets	11,145	11,900
	477,511	472,492
<b>Current assets</b>		
Inventories	33,290	36,870
Receivables	24,886	17,989
Prepayments	9,266	7,439
Tax recoverable	41	317
Deposits with licensed banks and other financial institutions	226,833	184,828
Cash and bank balances	62,820	44,935
	357,136	292,378
<b>TOTAL ASSETS</b>	<b>834,647</b>	<b>764,870</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	310,673	308,958
Reserves	258,047	234,281
Treasury shares	(560)	(503)
	568,160	542,736
Non-controlling interests	80,589	75,535
<b>Total equity</b>	<b>648,749</b>	<b>618,271</b>
<b>Non-current liabilities</b>		
Interest bearing borrowings (secured)	27,526	30,652
Other payables	2,006	1,936
Deferred tax liabilities	50,423	52,702
	79,955	85,290
<b>Current liabilities</b>		
Payables and accruals	44,984	37,382
Interest bearing borrowings (secured)	18,868	19,902
Dividend payable	24,815	-
Derivative financial liability	1,324	6
Tax payable	15,952	4,019
	105,943	61,309
<b>Total liabilities</b>	<b>185,898</b>	<b>146,599</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>834,647</b>	<b>764,870</b>
<b>Net assets per share (RM)</b>	<b>1.83</b>	<b>1.76</b>

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2014)

**KIM LOONG RESOURCES BERHAD**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company							Non-controlling interests	Total equity	
	Non-distributable				Distributable					
	Share capital	Share premium	Revaluation reserve	Hedging reserve	Other reserve	Retained profits	Treasury shares			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>6 months ended</b>										
<b>31 July 2014</b>										
<b>Balance as at 1 February 2014</b>	308,958	2,502	40,393	(3)	760	190,629	(503)	542,736	75,535	618,271
<b>Changes in equity for the period:</b>										
Realisation of revaluation reserve to retained earnings	-	-	(413)	-	-	413	-	-	-	-
Profit or loss	-	-	-	-	-	46,476	-	46,476	9,422	55,898
Other comprehensive income	-	-	-	2	-	-	-	2	1	3
<b>Total comprehensive income for the period</b>	-	-	-	2	-	46,476	-	46,478	9,423	55,901
Dividends	-	-	-	-	-	(24,815)	-	(24,815)	(4,060)	(28,875)
Share-based payment under ESOS	-	-	-	-	316	-	-	316	-	316
Transfer of reserve arising from exercise of ESOS	-	562	-	-	(562)	-	-	-	-	-
Issuance of shares pursuant to: - exercise of ESOS	1,715	1,822	-	-	-	-	-	3,537	-	3,537
Buy-back of shares	-	-	-	-	-	-	(57)	(57)	-	(57)
Acquisition from non-controlling interests	-	-	-	-	-	-	-	-	(376)	(376)
Dilution of interest in subsidiary companies	-	-	-	-	-	(12)	-	(12)	12	-
Issuance of shares to non-controlling interests of subsidiary companies	-	-	-	-	-	-	-	-	55	55
Expenses in relation to issuance of shares	-	(23)	-	-	-	-	-	(23)	-	(23)
<b>Total for transactions with owners</b>	1,715	2,361	-	-	(246)	(24,827)	(57)	(21,054)	(4,369)	(25,423)
<b>Balance as at 31 July 2014</b>	<u>310,673</u>	<u>4,863</u>	<u>39,980</u>	<u>(1)</u>	<u>514</u>	<u>212,691</u>	<u>(560)</u>	<u>568,160</u>	<u>80,589</u>	<u>648,749</u>

**KIM LOONG RESOURCES BERHAD**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company							Non-controlling interests	Total equity	
	Non-distributable					Distributable				
	Share capital	Share premium	Revaluation reserve	Hedging reserve	Other reserve	Retained profits	Treasury shares			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>6 months ended</b>										
<b><u>31 July 2013</u></b>										
<b>Balance as at 1 February 2013</b>	308,667	2,110	41,219	(10)	434	165,789	(60)	518,149	77,510	595,659
<b>Changes in equity for the period:</b>										
Realisation of revaluation reserve to retained earnings	-	-	(413)	-	-	413	-	-	-	-
Profit or loss	-	-	-	-	-	25,491	-	25,491	4,885	30,376
Other comprehensive income	-	-	-	3	-	-	-	3	2	5
<b>Total comprehensive income for the period</b>	-	-	-	3	-	25,491	-	25,494	4,887	30,381
Dividends	-	-	-	-	-	(21,607)	-	(21,607)	(3,760)	(25,367)
Share-based payment under ESOS	-	-	-	-	197	-	-	197	-	197
Transfer of reserve arising from exercise of ESOS	-	42	-	-	(42)	-	-	-	-	-
Issuance of shares pursuant to: - exercise of ESOS	116	127	-	-	-	-	-	243	-	243
Buy-back of shares	-	-	-	-	-	-	(157)	(157)	-	(157)
Expenses in relation to issuance of shares	-	(2)	-	-	-	-	-	(2)	-	(2)
<b>Total for transactions with owners</b>	116	167	-	-	155	(21,607)	(157)	(21,326)	(3,760)	(25,086)
<b>Balance as at 31 July 2013</b>	<u>308,783</u>	<u>2,277</u>	<u>40,806</u>	<u>(7)</u>	<u>589</u>	<u>170,086</u>	<u>(217)</u>	<u>522,317</u>	<u>78,637</u>	<u>600,954</u>

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2014)

**KIM LOONG RESOURCES BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 months ended 31/07/2014 RM'000</b>	<b>6 months ended 31/07/2013 RM'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	411,620	282,705
Rental received	76	22
Interest received	3,901	3,013
Cash paid to suppliers and employees	(320,772)	(213,126)
Cash generated from operations	94,825	72,614
Interest paid	(552)	(482)
Tax paid	(7,279)	(9,485)
Net cash from operating activities	86,994	62,647
<b>Cash flows from investing activities</b>		
Additional investment in existing subsidiary company	(322)	-
Proceeds from disposal of property, plant and equipment	120	311
Acquisition of biological assets and property, plant and equipment	(21,685)	(17,153)
Interest paid	(509)	(504)
Net cash used in investing activities	(22,396)	(17,346)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	3,537	243
Proceeds from issuance of shares to non-controlling interests (NCI) in subsidiary companies	55	-
Expenses paid in relation to issuance of shares	(23)	(2)
Drawdown of bank borrowings	-	9,800
Repayments of bank borrowings	(2,121)	(1,116)
Dividend paid to NCI in subsidiary companies	(4,060)	(3,760)
Purchase of treasury shares	(57)	(157)
Net cash (used in)/from financing activities	(2,669)	5,008
<b>Net increase in cash and cash equivalents</b>	61,929	50,309
<b>Cash and cash equivalents at beginning of period</b>	222,608	186,409
<b>Cash and cash equivalents at end of period (Note a)</b>	<u>284,537</u>	<u>236,718</u>
<b>Note a : Cash and cash equivalents at end of period</b>		
Cash and bank balances	62,820	54,209
Deposits with licensed banks and other financial institutions	226,833	185,191
Bank overdrafts	(5,116)	(2,682)
	<u>284,537</u>	<u>236,718</u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2014)

# KIM LOONG RESOURCES BERHAD

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## EXPLANATORY NOTES

### A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (FRS) 134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 January 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2014.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 January 2014 except for the adoption of the amended FRSs which are relevant to the Group’s operations with effect from 1 February 2014 as set out below:

- Amendments to FRS 10, FRS 12 and FRS 127 – Investment Entities
- Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 136 Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139 Novation of Derivatives and Continuation of Hedge Accounting

The Directors do not expect any material impact on the financial statements arising from adoption of the above standards.

The Group has not elected for early adoption of the following new and amended FRSs relevant to the current operations of the Group, which were issued but not yet effective for the financial year ending 31 January 2015:

	Effective for financial periods beginning on or after
Amendments to FRS 119 Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to Annual Improvements to FRSs 2010-2012 Cycle	1 July 2014
Amendments to Annual Improvements to FRSs 2011-2013 Cycle	1 July 2014
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 9 Financial Instruments	To be announced by MASB

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### Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework and may in the alternative, apply Financial Reporting Standards (FRS) as its financial reporting framework for annual periods beginning on or after 1 January 2014. The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework.

On 2 September 2014, MASB announced Entities Other Than Private Entities shall comply with MFRS Framework for annual periods beginning on or after 1 January 2017. Accordingly, the Group will present its first set of MFRS financial statements from the financial year ending 31 January 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework.

#### **A2. Seasonal or cyclical factors**

Based on recent observation, the production of Fresh Fruit Bunches ("FFB") from our mature estates is normally low during the second quarter of each year and will rise in the third quarter, peak in the fourth quarter and then slowly decline in the first quarter of the following year. The production of FFB for the current quarter dropped by 8% compared to the preceding quarter.

#### **A3. Unusual items**

There were no unusual items that have material effects on the assets, liabilities, equity, net income or cash flows for the current financial year-to-date.

#### **A4. Material changes in estimates**

There were no changes in estimates that have had material effects in the current quarter.

#### **A5. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the first half year ended 31 July 2014 except for the following:

- (a) Issuance of 1,714,900 new ordinary shares of RM1 each under the Company's Employees' Share Option Scheme ("ESOS"); and

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- (b) Repurchase of 19,000 ordinary shares of RM1 each of its issued share capital from the open market for a total consideration of RM56,701 at the average price of RM2.96 per share.

### A6. Dividends paid

No dividends have been paid during the current financial year-to-date.

### A7. Segmental information

Major segments by activity:-

	Revenue		Results	
	6 months ended		6 months ended	
	31/07/2014	31/07/2013	31/07/2014	31/07/2013
	RM'000	RM'000	RM'000	RM'000
Plantation operations	78,236	55,018	41,956	18,567
Milling operations	401,131	271,813	27,277	15,943
	479,367	326,831	69,233	34,510
Less:				
Inter-segment eliminations	(65,102)	(47,490)	2,912	5,053
	414,265	279,341	72,145	39,563
Less:				
Unallocated expenses			(1,544)	(1,458)
Finance income			3,897	3,071
Finance costs			(638)	(592)
Profit before tax			73,860	40,584
Tax expenses			(17,962)	(10,208)
Profit for the period			55,898	30,376

### A8. Material subsequent events

As at 24 September 2014, there were no material subsequent events that have not been reflected in the financial statements for the current financial period except for the following:

- (a) On 8 August 2014, the Company acquired 2 ordinary shares of RM1 each fully paid representing 100% equity interest in Sepulut Plantations Sdn. Bhd. ("SPSB") from Okidville Jaya Sdn. Bhd., a wholly owned subsidiary of the Company, at par for a total consideration of RM2. As a result, SPSB is now a direct 100% owned subsidiary of the Company.
- (b) On 8 August 2014, the Company disposed of 2 ordinary shares of RM1 each fully paid representing 100% equity interest in Lokan Development Sdn. Bhd. ("LDSB") to Okidville Plantations Sdn. Bhd. ("OPSB"), a 95% owned subsidiary of the Company, at par for a total consideration of RM2. As a result, LDSB is now a 95% owned subsidiary of the Company via OPSB.



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### **A9. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current financial year-to-date, including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for the following:

- (a) On 2 April 2014, Kim Loong Biomass Sdn. Bhd. (“KLBSB”), a wholly owned subsidiary of Kim Loong Palm Oil Mills Sdn. Bhd. (“KLPOM”) which in turn is a wholly owned subsidiary of the Company, increased its issued and paid up capital from RM2 divided into 2 ordinary shares of RM1 each to RM100,000 divided into 100,000 ordinary shares of RM1 each, by an issuance of 99,998 new ordinary shares of RM1 each at par to KLPOM, Wang Ming Rong and Chang Chew Chin at the proportion of 74,998, 15,000 and 10,000 ordinary shares respectively. As a result of the issuance of the new ordinary shares, the effective interest of the Company in KLBSB was reduced from 100% to 75%.
- (b) On 11 June 2014, Winsome Jaya Sdn. Bhd. (“WPSB”), a wholly owned subsidiary of Okidville Plantations Sdn. Bhd. (“OPSB”) which in turn a 95% owned subsidiary of the Company, had issued and allotted 69,900 and 30,000 ordinary shares of RM1 each at par fully paid to OPSB and PIJ Property Development Sdn. Bhd. (“PPD”) pursuant to the Development and Joint Venture Agreement dated 6 June 2012 entered into between PPD, OPSB and WJSB. As a result of the issuance of the new ordinary shares, the effective interest of the Company in WJSB was reduced from 95% to 66.5%.
- (c) On 11 June 2014, Kim Loong Palm Oil Mills Sdn. Bhd. (“KLPOM”), a wholly owned subsidiary of the Company acquired the remaining 200,000 ordinary shares of RM1 each representing 40% equity interest in Kim Loong Evergrow Sdn. Bhd. (“KLE”) at RM1.61 per share for a total cash consideration of RM322,000. As a result of the acquisition, KLE is now a wholly owned subsidiary of KLPOM.

### **A10. Contingent liabilities or Contingent assets**

As at 24 September 2014, there were no material changes in contingent liabilities or contingent assets at Group level since the end of last annual reporting period at 31 January 2014. Save for disclosed in Note B9, there were no contingent liabilities or contingent assets, which upon becoming enforceable, may have material effect on the net assets, profits or financial position of our Group.

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## ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

### B1. Review of the performance of the Company and its principal subsidiaries

The revenue and profit before tax (“PBT”) of the Group were RM414.27 million and RM73.86 million respectively for the half year ended 31 July 2014, as compared to RM279.34 million and RM40.58 million respectively for the corresponding period last year.

Performance analysis by segments:

	Revenue			
	Quarter ended		Year-to-date ended	
	31/07/2014	31/07/2013	31/07/2014	31/07/2013
	RM'000	RM'000	RM'000	RM'000
Plantation operations	35,558	24,257	78,236	55,018
Milling operations	190,979	139,007	401,131	271,813
	<u>226,537</u>	<u>163,264</u>	<u>479,367</u>	<u>326,831</u>
	Results			
	Quarter ended		Year-to-date ended	
	31/07/2014	31/07/2013	31/07/2014	31/07/2013

	RM'000	RM'000	RM'000	RM'000
Plantation operations	17,835	5,261	41,956	18,567
Milling operations	7,892	8,013	27,277	15,943
	<u>25,727</u>	<u>13,274</u>	<u>69,233</u>	<u>34,510</u>

#### Plantation operations

The revenue from plantation operations increased by 46% and 42% for the current quarter and year-to-date respectively as compared to the corresponding periods in last year. In terms of profit, the plantation operations have performed well with profits recorded at RM17.84 million and RM41.96 million for the current quarter and year-to-date respectively, representing remarkable increases of 239% and 126% respectively compare to the corresponding periods in last year. The increases in revenue and profit for the current quarter and year-to-date were due to higher palm oil prices and FFB production.

The FFB production for the current quarter and year-to-date were 71,900 MT and 149,800 MT respectively which were 24% and 13% higher comparing the corresponding periods in last year.

The plantation operations did not face problem in selling its FFB production as most of the produce was supplied to mills within the Group. Average FFB prices were 18% and 25% higher for the current quarter and year-to-date as compared to the respective corresponding periods in last year.

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### **Palm oil milling operations**

The revenue from the milling operations increased by 37% and 48% for the current quarter and year-to-date respectively as compared to the corresponding periods in last year. The milling operations have also performed well and achieved profit of RM7.89 million and RM27.28 million for the current quarter and year-to-date respectively. The year-to-date profit of RM27.28 million was 71% higher compared the corresponding period in last year. The good performance was mainly due to better processing margin and higher processing quantity.

Total CPO production for the current quarter and year-to-date were 64,700 MT and 128,000 MT which were 38% and 35% higher than production in the corresponding periods in last year.

The market condition and demand for the Group's milling products has been good and steady for the current quarter and year-to-date. The sale of CPO, the main product, for the current quarter and year-to-date were 67,300 MT and 133,600 MT respectively, which were 25% and 27% higher than 53,800 MT and 105,400 MT recorded in the respective corresponding periods in last year. The average prices of CPO for the current quarter and year-to-date were 6% and 11% higher than the corresponding periods in last year.

### **B2. Comparison of profit before tax for the quarter reported on with the immediate preceding quarter**

The PBT for the current quarter was RM28.40 million which was 38% lower than RM45.46 million achieved in the preceding quarter ended 30 April 2014. The drop in PBT was mainly due to lower palm oil prices and FFB production in the current quarter. The FFB production for the current quarter dropped by 8% to 71,900 MT as compared to 77,900 MT achieved in the preceding quarter. As for the milling operations, FFB processed during the current quarter was 289,800 MT which was marginally 4% higher compared to the preceding quarter. The average prices of CPO and palm kernel oil ("PKO") for the current quarter has dropped by 9% and 10% as compared to the preceding quarter.

### **B3. Current financial year prospects**

For the financial year ending 31 January 2015, we expect the CPO production quantity of the milling operations to be higher than the quantity achieved in the financial year 2014. For the plantation operations, we expect the FFB production to improve comparing the FFB production achieved in the financial year 2014.

After recent steep drop in palm oil prices, we expect the palm oil prices to remain stable at current level in the remaining period of the financial year 2015.

Based on the above, we expect the Group's performance for the financial year 2015 to be better than the preceding year.

### **B4. Variance of actual profit from forecast profit and shortfall in profit guarantee**

This is not applicable.

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**B5. Income tax**

	Current Quarter Ended 31/07/2014 RM'000	Financial Year-to-date Ended 31/07/2014 RM'000
<b>Malaysian Income Tax</b>		
- Current year	9,139	19,490
- Prior year overprovision	(3)	(3)
	9,136	19,487
<b>Deferred tax</b>		
- Current year	(2,141)	(1,381)
- Realisation of revaluation surplus on land	(72)	(144)
	(2,213)	(1,525)
	<u>6,923</u>	<u>17,962</u>

**B6. Status of corporate proposals**

There is no outstanding corporate proposal as at 24 September 2014.

**B7. Group borrowings and debt securities**

As at 31 July 2014, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	RM'000
Short term borrowings :	
Overdrafts	5,116
Revolving credit	7,500
Term loans	6,252
	<u>18,868</u>
Long term borrowings :	
Term loans	<u>27,526</u>

There were no unsecured interest bearing borrowings as at 31 July 2014.

## KIM LOONG RESOURCES BERHAD

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### B8. Breakdown of realised and unrealised profits or losses of the Group

The breakdown of the retained profits of the Group is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	At as 31/07/2014 RM'000	At as 31/01/2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	292,601	272,186
- Unrealised	(22,400)	(22,732)
	<u>270,201</u>	<u>249,454</u>
Less: Consolidation adjustments	(57,510)	(58,825)
Retained earnings as per consolidated accounts	<u>212,691</u>	<u>190,629</u>

### B9. Material litigation

As at 24 September 2014, there were no material litigations against the Group except for the following:

Prior to the acquisition of the subsidiary company, Tetangga Akrab Pelita (Pantu) Sdn. Bhd. (currently known as Winsome Pelita (Pantu) Sdn. Bhd.), announced by the Company on 1 December 2009, there were several legal claims made against that subsidiary company by natives for customary rights to land belonging to that subsidiary company.

On 18 February 2011, the Judgment for the High Court Civil Suit No. 22-10-2005-I (SG) against the subsidiary company was delivered at Kuching High Court, which had been announced to Bursa Securities on 22 February 2011.

On 9 March 2011, the Court of Appeal had granted a stay of execution of the Judgment delivered by the High Court.

The Group has filed our Memorandum and record of Appeal on 11 April 2011. Hearing of the Appeal has been carried out on 17 October 2012.

There is no significant progress on the case and our solicitor is of the view that we have a fair prospect of succeeding in this Appeal. Accordingly, the Directors are of the opinion that no liabilities are required to be accrued.

### B10. Dividend

The Board is pleased to declare an interim single tier dividend of 7 sen per share in respect of the financial year ending 31 January 2015.

- (a) (i) amount per share: 7 sen single tier;
  - (ii) previous corresponding period: 5 sen single tier per share;
  - (iii) date of payment: 21 November 2014; and
  - (iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors as at 31 October 2014; and
- (b) total dividend for the current financial year: 7 sen single tier per share.

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### B11. Earnings per share

#### Basic earnings per share (“Basic EPS”)

The Basic EPS is calculated by dividing the profit attributable to the owners of the Company for the current quarter and the first half year by the weighted average number of ordinary shares in issue during the current quarter and the first half year respectively, excluding treasury shares held by the Company:

		Current Quarter Ended 31/07/2014	Financial Year-to-date Ended 31/07/2014
Net profit for the period	(RM'000)	18,115	46,476
Weighted average number of ordinary shares in issue	('000)	309,864	309,365
Basic EPS	(sen)	5.85	15.02

#### Diluted earnings per share (“Diluted EPS”)

The Diluted EPS is calculated by dividing the profit attributable to the owners of the Company for the current quarter and the first half year by the weighted average number of ordinary shares in issue during the current quarter and the first half year respectively, which has been adjusted for the number of ordinary shares that could have been issued under the Company's ESOS.

Shares that are anti-dilutive are ignored in the computation of Diluted EPS.

		Current Quarter Ended 31/07/2014	Financial Year-to-date Ended 31/07/2014
Net profit for the period/year	(RM'000)	18,115	46,476
Weighted average number of ordinary shares in issue	('000)	309,864	309,365
Adjustment for dilutive effect of unexercised share options	('000)	360	260
Adjusted weighted average number of shares for Diluted EPS	('000)	310,224	309,625
Diluted EPS	(sen)	5.84	15.01

## KIM LOONG RESOURCES BERHAD

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### B12. Audit qualification

The auditors' report of the preceding annual financial statements of the Group did not contain any qualification.

### B13. Profit before tax

Profit before tax is arrived at after charging/(crediting) the following items:

	Current Quarter Ended 31/07/2014 RM'000	Financial Year-to-date Ended 31/07/2014 RM'000
(a) Interest income	(2,133)	(3,897)
(b) Other income including investment income	(417)	(720)
(c) Interest expense	306	638
(d) Depreciation and amortization	6,427	12,751
(e) Provision for and write off of receivables	2	2
(f) Provision for and write off of inventories	-	-
(g) Gain or loss on disposal of quoted or unquoted investment or properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain or loss	-	-
(j) Gain or loss on derivatives	1,769	1,765
(k) Exceptional items	-	-